

**BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA**

DOCKET NO. 2019-290-WS

In the Matter of:

**Application of Blue Granite Water
Company for Approval to Adjust
Rate Schedules and Increase Rates**

**LATE-FILED EXHIBIT NO. 3 OF
BLUE GRANITE WATER COMPANY**

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**Responses of Blue Granite Water Company to
Customer-Specific Issues**

Blue Granite Water Company (“Blue Granite” or the “Company”) files this report in response to customer concerns raised at the public hearing held in York County at 6:00 Thursday, March 5, 2020, in the York County Council Chambers, 6 South Congress Street, York, South Carolina, 29745.

Donald H. Denton, President of Blue Granite, and J. Bryce Mendenhall, Vice President of Operations, were accompanied by the following Company personnel who were available to assist customers with questions or requests: Adam James, Director of Operations; Travis Dupree, Vice President of Project Management and Engineering, Deborah Clark, Communications and Community Relations Manager, Reese Hannon, Communications and Community Relations Coordinator, Rebecca Coates, Compliance Manager, Amy Hopkins, Project Manager, and Mike Davis, Area Manager. Sam Wellborn of Robinson Gray Stepp & Laffitte, LLC appeared as counsel for Blue Granite Water Company.

Generally, the customers who provided comment expressed concern about the proposed percentage increase in rates, billing issues, water outages and notification, aging infrastructure, maintenance, flat rates versus volumetric rates for wastewater, sewage backup, pass-through costs, the Charlotte Water Interconnect, the transfer of Blue Granite Water assets to York County, office relocation, and customer service issues.

A. Blue Granite’s General Response to Customers

Blue Granite may adjust its rates only if it demonstrates, following a comprehensive and detailed investigation by the Office of Regulatory Staff and other intervenors, that such adjustment is authorized under the law and is based on the actual cost and level of investment actually made by the Company. Blue Granite’s water and wastewater rates require approval of the Commission, and the rates are set only after a fully litigated, contested case hearing. Blue Granite filed its pending rate adjustment application to seek Commission approval of the recovery of expenditures that are not already reflected in the Company’s current rates.

Blue Granite understands customers’ opposition to rate increases. However, the public utility water and wastewater business is a capital-intensive industry and, since the Company’s last rate case, Blue Granite has invested more than \$23 million in South Carolina.

Blue Granite contacts its customers through the Company’s My Utility Connect customer notification system. The customer can choose the method of receiving notifications. The customer can receive notifications through email, push notification, text, cell phone or landline phone call. The default method of communication in the event a customer has not yet set up their My Utility

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Connect preference is a phone call. Customers can sign up for My Utility Connect on the front page of the Company's website at www.bluegranitewaterco.com. To better serve the Company's customers, Blue Granite Water has also placed a red colored SERVICE ALERTS button on the front of the Company's website to help customers see recent alerts regarding their water and/or wastewater service. Customers may also call the Company's Customer Service Department for information at 800-367-4314 if they have any questions. Customers who are impacted with any service disruption specific to their location, receive a notification. In some instances, a street or series of streets may have an issue, which results in just these customers receiving a notification. The Blue Granite water system consists of many water main lines. These lines contain valves that allow the Company's operators to turn off sections so that they can repair specific areas. The ability to limit service issues using valves is the reason why someone across the street may receive a notification and another customer will not. Confusion can therefore result from customers relying upon online social media applications, such as Next Door or their neighbors' or communities' Facebook pages, to receive information concerning Blue Granite service interruptions.

Since the franchise agreement with York County was entered into in 2018, the Company constructed a water interconnection with the City of Charlotte. The interconnection proved valuable when York County experienced a water main break in the Fall of 2019 as Blue Granite customers continued to receive water service when York County's water service failed.

Some members of the Foxwood community discussed the age of the infrastructure and a perceived lack of maintenance. Blue Granite is committed to the same regular maintenance in this system as with all of its other systems in South Carolina. Sections of pipes in the community are inspected using a camera system, and are cleaned on an annual basis. The operations team inspects and cleans the wastewater treatment plant, lift stations and filters on an ongoing basis.

The Company's position related to the office relocation and upfit are discussed in the Company's pre-filed testimony.

The customer service team members are provided training and follow company procedures in engaging customers. In the procedures, staff only provide a first name to its customers and then send the customer's call to a supervisor for additional assistance. At any given time, the call volume may be higher than normal resulting in a higher call volume and wait time.

B. Specific Responses to Customers at the York County Public Hearing

[REDACTED], Clover, South Carolina

The customer complained that the increase in the water price is higher than a teacher's salary. The customer also complained about the disruption of water services to the schools and how it impacts the students at the three schools served by Blue Granite and the shifting of dollars from instruction

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to water costs. He stated that it is anticipated that the increase in costs must be associated with greater reliability and consistency of service. He also mentioned a Blue Granite water main break occurring six weeks ago, which caused service to be restored after three days.

The Company's response to the above is as follows:

Upon reviewing the Company's records and discussing the purported outage with the Company's Area Manager for the York County service area, Blue Granite did not experience a water main break within the specific timeframe mentioned by the customer. There was a water disruption several months earlier as a result of York County having a large water main break.

All Blue Granite customers are notified when there is regular maintenance scheduled requiring a boil water advisor. However, in some instances where there is no way of knowing when an emergency or unanticipated water line breaks, the Company works to notify customers as soon as possible after the event occurs. All customers are encouraged to utilize the Company's My Utility Connect application to receive notifications by email, text, push notification, or phone call.

[REDACTED], Fort Mill, SC, 29715

Mr. [REDACTED] stated he ran a small private community system until Mecklenburg County required the Homeowner's Association to interconnect with their system. He states that the maintenance, in his opinion based on his running of a system for a 50-home community, is inadequate.

Blue Granite Water Company's response to the above:

Blue Granite employees, who run this community's wastewater asset and the Company's other statewide systems, are professionally licensed and certified through extensive training by the SC Rural Water Association, American Water Works Association, and the State of South Carolina training programs. Certifications and licensing are required for well operations, water distribution, and wastewater treatment operations. The Foxwood system has an annual schedule of maintenance for inspection of the water main, the wastewater treatment system, and the lift stations.

[REDACTED], Lake Wylie

Customer complained about a billing issue that caused her account number to change without notice and resulted in service disconnection.

Blue Granite Water's response for the above:

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Upon checking the Company's records, the customer experienced a disconnect notice in 2018. The Blue Granite customer service team corrected the account after discovering the payment had not reached the Company's accounting software until after the late notice process. The payment was applied to the account and all late payment charges were removed and all reconnect fees were waived.

[REDACTED] Lake Wylie

Customer states her service was disconnected for non-payment although she is on auto-draft and the amount had been paid.

Blue Granite Water's response for the above:

Upon checking the Company's records, the customer was called by the Company's Customer Service Department and informed that her payment had been rejected by the customer's bank due to insufficient funds. The Customer Service Representative left a message for the customer regarding the late payment and the need to pay. The customer was mailed a Regulated Disconnect Letter on February 24, 2020.

The customer contacted the Customer Service Department on March 3, 2020, at 7:16 am and stated she understood after looking at her account online and would contact her bank. The records indicate she paid via a check, which has yet to clear the bank. This customer has a history of late payments and not fully paying the amount due, which results in carrying a balance into the next month.

[REDACTED], Clover

Customer states service was disconnected for non-pay although they had made a payment. Customer was told a full refund would be given because the customer was forced to pay it again. When the refund was finally received the customer received a partial refund.

Blue Granite Water's response for the above:

The records indicate the customer was given a refund with the balance of the refund applied to the next month's bill. The Customer Service supervisor requested the manual refund from the billing team, which required an approval from the Billing Manager. This process normally does not take more than two weeks. However, the process took longer in this instance, and Blue Granite will provide an additional reimbursement of up to \$70 to the account for this customer as a courtesy.

[REDACTED], Lake Wylie

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Customer states they received an irrigation bill for \$260.53 for their irrigation system that had been turned off and the gallons on bill show 0 gallons.

Blue Granite Water's response for the above:

The records indicate the customer has carried a balance with their irrigation account since the November 7, 2019, which is the last time the account was paid in full. The \$260.53 bill includes late payment charges from November 7, 2019 until March 2020. The customer requested a meter test in December 2019. The irrigation meter was found to be in compliance with the accuracy standards of the Public Service Commission. The operator gave these results to the customer and reinstalled meter. The customer service notes indicate the customer is not willing to pay the bill stating the meter is malfunctioning and the irrigation system is off. There is another meter test scheduled for March 9, 2020, on the irrigation meter. Customer service will apply any credit due to this account if the meter fails the test.

[REDACTED], Clover

Customer states that they are on auto-draft and that the company had placed a cap on their account without their knowledge and as result their full bill was not paid. The customer also advised due to the auto-draft not being paid in full they experienced an added late fee. Customer also states that they believed the bill was too high and question the accuracy.

Blue Granite Water's response for the above:

The billing records indicate that this customer did not pay their bill in December 2019 and only made a partial payment in January. This resulted in a balance that was carried forward resulting in a late payment charge of \$0.81. A monetary cap is a safeguard for the customer in case of a leak or other anomalous bill, which could result in a higher than usual bill amount being auto-drafted from the customer's bank account. This is a feature in the Company's billing software. Customers can request to raise the maximum cap on auto-draft. If the customer chooses Auto Pay with My Utility Connect, the Company's online customer portal, there is no maximum.

[REDACTED], Fort Mill, SC, 29715

This customer complained about the high cost of water and the fact he has to maintain a whole house filter, reverse osmosis system and the potential for lead in his water. He also complained that the water/wastewater bill was too high because of the 2-inch meter and the associated costs.

Blue Granite Water's response for the above:

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The [REDACTED] location has a 2-inch commercial meter and is charged the appropriate amount for water and the appropriate wastewater charge. This is a commercial location with the appropriately sized meter. The customer pays \$7.55 per 1,000 gallons for water and the wastewater fee is \$715 for commercial line. Blue Granite Operations Team is working with the Customer and the property owner to determine if a smaller meter can be installed.

[REDACTED], Fort Mill

This customer states that he believes his bill is too high and believes that he is on an incorrect rate.

Blue Granite Water's response for the above:

The customer has a leak adjustment pending reimbursement for his account due to a leak on his side of the meter resulting in a high bill. The customer pays the flat rate of \$65 for wastewater and \$11.85 per 1,000 gallons per the approved tariff for this community.

[REDACTED], Fort Mill

This customer states that she disputes a previous bill of ~10,000 gallons that she ultimately paid. Customer also complained that she believes that when the roots are cleaned out that the extra water that is used for this is being billed to her account.

Blue Granite Water's response for the above:

The billing records indicate the customer had a meter read resulting in usage of approximately 10,000 gallons for the billing period ending on September 10, 2018. Blue Granite applied a one-time adjustment based on the yearly water usage average, which resulted in a \$100 credit to the customer's account. The removal of roots is not billed to the customer during scheduled maintenance.

[REDACTED], Lake Wylie

The customer complained of high bills that average \$159 and being overcharged for excessive usage of over 10,000 gallons.

Blue Granite Water's response for the above:

The customer was provided a \$100 credit to his account due to a high bill. However, the customer has carried a balance since the start of service which has caused a higher average bill. The billed usage is approximately \$100 without the late fees and insufficient funds fees if paid on time. There has only been one bill paid on time and completely. Also, there is no indication of the mentioned

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high usage in the Company's records. The customer's usage in gallons since August until today is as follows: 1,220; 4,600; 4,463; 3,461; and 3,493. The meter has been exchanged twice with each meter being tested and found to be in compliance with the accuracy standards of the Public Service Commission. The customer also canceled a payment by credit card, which presented an issue in the next month's bill amount.

_____, Fort Mill

The customer stated that there was lead in the community's water.

Blue Granite Water's response for the above:

The company tests the water delivered to every customer in all of the Company's service areas in accordance with state regulations. In 2018, Blue Granite Water Company performed all required monitoring for contaminants in the Foxwood community and did not exceed any allowable levels of these contaminants. In addition, Blue Granite has followed all applicable testing and reporting requirements. The 2019 Annual Water Quality Reports are being compiled at this time.

At no time has this customer contacted Blue Granite per the Company's records regarding any water quality issues. However, it is suggested that the customer explore the components of the home for corrosion of household plumbing systems to eliminate any internal issues that may be producing lead.

[REDACTED], Lake Wylie

The customer stated that he had an overage on his account for 31,000 gallons, called and had a field operator check his meter and the neighbor's meter. Mr. [REDACTED] states his and his neighbor's meters are erroneously entered into the Blue Granite billing system.

Blue Granite Water's response for the above:

The operations team checked the meter and usage. Both are correct in system. The new meter is accurately accounting for the water moving through the meter. The amount of the customer's bill is from not paying two previous bills. However, the customer's account was reimbursed \$300 which would lower the bill to the normal bill amount as a courtesy to the customer.

[REDACTED], Fort Mill

Mr. [REDACTED] made statements concerning the age of the infrastructure and lack of maintenance. He states that the Blue Granite system that connects to the water main drain from his house is the original clay pipe and is over 40 years old.

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Blue Granite Water's response for the above:

As previously stated, Blue Granite conducts annual maintenance in each community including the Foxwood neighborhood. Annual inspection of the existing pipe is done with a camera to address the areas needing prompt service, such as root removal. As long as the pipe remains useful and without any major service issues, then the system will remain in place until it is added to the capital replacement project list.

Allison Love, York County Council, Lake Wylie/Clover District Area

Councilwoman Love stated that her constituents in Lake Wylie faced water increases over many years granted by the Public Service Commission. Councilwoman Love stated that, from 2002 to 2016, York County did not have any water price increases, and that a 2018 evaluation of the existing tank should have precipitated the construction of a larger tank.

Councilwoman Love stated that the system had main breaks that resulted in schools closing and impacting the community, and that she had been asked to handle billing complaints from her constituents.

Blue Granite Water's response for the above:

The York County council meeting minutes show that the council unanimously voted for water price increases within the county. Councilwoman Love voted in favor of raising the water and sewer rates in York County through Action Item 3063 on August 21, 2017, Action Item 3210 on November 6, 2017, Action Item 3163 on November 20, and for the third and final reading of Action Item 3274 on December 4, 2017.

In May 2018, as part of the new franchise agreement with York County, York County shifted operation and maintenance of the River Hills Water Tower to Blue Granite. Blue Granite immediately began work to model the water system and make the needed investments to address the growth in demand. This includes not only starting the engineering and site identification for a larger water tower, but also the interconnection of a new supplemental water supply with the City of Charlotte. Blue Granite is committed to running the Lake Wylie system and invested \$3.5 million in 2019 into maintaining the system over the past year with plans to spend another \$14.6 million over the next 3 years, including the above-mentioned larger capacity water tank and associated water main lines. The larger tank will require the company to locate and acquire additional land in close proximity to the current system. The new location may necessitate the York County government to approve rezoning to allow for the construction of the tower if the land is not currently zoned to allow for this structure.

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Regarding the mentioned water main breaks, York County had a water main break in October. However, due to the interconnection with Charlotte Water, Blue Granite customers had water when others in the York County water service did not. Per the franchise agreement, the language does not limit the water from the Charlotte Water interconnect exclusively for emergency situations and plans to continue to supply water to Blue Granite's customers using this interconnection.

As for the rate increases mentioned, Blue Granite's rates, like those of any other regulated public water utility, are based on the utility's cost to serve its customers plus a reasonable return as set by the South Carolina Public Service Commission.

Finally, the Company's customer service team members are provided training and follow company procedures in engaging customers. At any given time, the call volume may be higher than normal resulting in a higher call volume and wait time. Customers are encouraged to contact the Company via the Company's customer service representatives at any given time. Any issues that the customer service representative cannot address, the Community Relations Manager is contacted and will work with the customer to resolve any issues.